

By: Phelan

H.B. No. 3230

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the authority of a property owner to contest the unequal
3 appraisal for ad valorem tax purposes of property that is subject to
4 an agreement to provide certain relief from ad valorem taxation.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 312.205(a), Tax Code, is amended to read
7 as follows:

8 (a) An agreement made under Section 312.204 or 312.211 must:

9 (1) list the kind, number, and location of all
10 proposed improvements of the property;

11 (2) provide access to and authorize inspection of the
12 property by municipal employees to ensure that the improvements or
13 repairs are made according to the specifications and conditions of
14 the agreement;

15 (3) limit the uses of the property consistent with the
16 general purpose of encouraging development or redevelopment of the
17 zone during the period that property tax exemptions are in effect;

18 (4) provide for recapturing property tax revenue lost
19 as a result of the agreement if the owner of the property fails to
20 make the improvements or repairs as provided by the agreement;

21 (5) contain each term agreed to by the owner of the
22 property;

23 (6) require the owner of the property to certify
24 annually to the governing body of each taxing unit that the owner is

1 in compliance with each applicable term of the agreement; ~~and~~

2 (7) provide that the governing body of the
3 municipality may cancel or modify the agreement if the property
4 owner fails to comply with the agreement; and

5 (8) include either:

6 (A) a waiver by the property owner of the right to
7 protest before an appraisal review board and the right to contest in
8 any court the unequal appraisal of property subject to the
9 agreement for a tax year in which a portion of the property is
10 exempt from taxation under the agreement; or

11 (B) provisions for the recapture of all or a
12 portion of the property tax revenue lost as a result of the
13 agreement if the appraised value of the property subject to the
14 agreement does not attain a value specified in the agreement for a
15 year covered by the agreement and payment of a penalty or interest,
16 or both, on that recaptured property tax revenue.

17 SECTION 2. Section 313.027(f), Tax Code, is amended to read
18 as follows:

19 (f) In addition, the agreement:

20 (1) must incorporate each relevant provision of this
21 subchapter and, to the extent necessary, include provisions for the
22 protection of future school district revenues through the
23 adjustment of the minimum valuations, the payment of revenue
24 offsets, and other mechanisms agreed to by the property owner and
25 the school district;

26 (2) may provide that the property owner will protect
27 the school district in the event the district incurs extraordinary

1 education-related expenses related to the project that are not
2 directly funded in state aid formulas, including expenses for the
3 purchase of portable classrooms and the hiring of additional
4 personnel to accommodate a temporary increase in student enrollment
5 attributable to the project;

6 (3) must require the property owner to maintain a
7 viable presence in the school district for at least five years after
8 the date the limitation on appraised value of the owner's property
9 expires;

10 (4) must provide for the termination of the agreement,
11 the recapture of ad valorem tax revenue lost as a result of the
12 agreement if the owner of the property fails to comply with the
13 terms of the agreement, and payment of a penalty or interest, or
14 both, on that recaptured ad valorem tax revenue;

15 (5) may specify any conditions the occurrence of which
16 will require the district and the property owner to renegotiate all
17 or any part of the agreement;

18 (6) must specify the ad valorem tax years covered by
19 the agreement; ~~and~~

20 (7) must be in a form approved by the comptroller; and

21 (8) must include either:

22 (A) a waiver by the property owner of the right to
23 protest before an appraisal review board and the right to contest in
24 any court the unequal appraisal of property subject to the
25 agreement for a tax year in which a portion of the property is
26 exempt from taxation under the agreement; or

27 (B) provisions for the recapture of all or a

1 portion of the property tax revenue lost as a result of the
2 agreement if the appraised value of the property subject to the
3 agreement does not attain a value specified in the agreement for a
4 year covered by the agreement and payment of a penalty or interest,
5 or both, on that recaptured property tax revenue.

6 SECTION 3. The changes in law made by this Act apply only to
7 an agreement entered into by a taxing unit under Chapter 312 or 313,
8 Tax Code, on or after the effective date of this Act.

9 SECTION 4. This Act takes effect September 1, 2017.